



# Department of Justice

FOR IMMEDIATE RELEASE  
TUESDAY, SEPTEMBER 30, 2008  
[WWW.USDOJ.GOV](http://WWW.USDOJ.GOV)

AT  
(202) 514-2007  
TDD (202) 514-1888

## **FORMER BRITISH AIRWAYS EXECUTIVE AGREES TO PLEAD GUILTY TO PARTICIPATING IN PRICE-FIXING CONSPIRACY ON AIR CARGO SHIPMENTS**

### ***British Citizen Agrees to Serve 8 Months in Jail***

WASHINGTON — A British citizen and former executive of British Airways World Cargo has agreed to plead guilty, serve eight months in jail and pay a criminal fine for participating in a conspiracy to fix rates for international air cargo shipments, the Department of Justice announced today.

According to the charges filed in U.S. District Court in the District of Columbia, Keith Packer, former Commercial General Manager for British Airways World Cargo, and his co-conspirators engaged in a conspiracy to fix the air cargo rates charged to customers for international air shipments, including to and from the U.S., in violation of the Sherman Act. Under the plea agreement, which is subject to court approval, Packer has agreed to serve eight months in jail, pay a \$20,000 criminal fine and cooperate with the Department's ongoing investigation.

Packer is the first foreign national and third individual charged as part of the Antitrust Division's ongoing investigation into price fixing in the air transportation industry. Additionally, nine companies have been charged.

"The cost of shipping products in and out of the United States is a critical component of our economy and a price that every American business and consumer bears," said Scott D. Hammond, Deputy Assistant Attorney General in charge of the Antitrust Division's Criminal Enforcement Program. "Those who conspire to cheat U.S. businesses and consumers by fixing shipping rates will be held accountable."

According to the charges, from at least as early as March 2002 and continuing until at least February 14, 2006, Packer and his co-conspirators carried out the price-fixing conspiracy by:

- Participating in meetings, conversations and communications to discuss the cargo rates to be charged on shipments to and from the United States;
- Agreeing during those meetings, conversations and communications on certain components of cargo rates to charge on shipments to and from the United States;

- Levying cargo rates in the United States and elsewhere in accordance with the agreements reached; and
- Engaging in meetings, conversations and communications in the United States and elsewhere for the purpose of monitoring and enforcing adherence to the agreed-upon cargo rates.

In August 2007, British Airways Plc pleaded guilty and was sentenced to pay a \$300 million criminal fine for conspiring to fix cargo rates for international air shipments, including to and from the United States, and conspiring to fix passenger fuel surcharges for long-haul international air transportation, including between the United States and United Kingdom. The same day, Korean Air Lines pleaded guilty and was sentenced to pay a \$300 million criminal fine for conspiring to fix cargo rates charged to customers in the United States and elsewhere for international air shipments and conspiring to fix wholesale and passenger fares for flights from the United States to Korea.

In January 2008, Qantas Airways Limited pleaded guilty and was sentenced to pay a \$61 million criminal fine for its role in a conspiracy to fix cargo rates to customers in the United States and elsewhere for international air shipments.

In May 2008, Japan Airlines pleaded guilty and was sentenced to pay a \$110 million criminal fine for conspiring to fix rates for international cargo shipments.

In July 2008, Bruce McCaffrey, Qantas' former highest-ranking executive employed in the United States, pleaded guilty and was sentenced to serve six months in jail and pay a \$20,000 criminal fine for fixing cargo rates to customers in the United States and elsewhere for international air shipments.

Also in July 2008, SAS Cargo Group A/S (SAS), Cathay Pacific Airways Limited (Cathay), Martinair Holland N.V. (Martinair), Société Air France (Air France) and Koninklijke Luchtvaart Maatschappij N.V. (KLM Royal Dutch Airlines) pleaded guilty to conspiring to fix prices on air cargo rates. SAS was sentenced to pay a \$52 million criminal fine, Cathay was sentenced to pay a \$60 million criminal fine, Martinair was sentenced to pay a \$42 million criminal fine, and Air France-KLM, which now operates under common ownership by a single holding company, was sentenced to pay a \$350 million criminal fine.

In August 2008, Timothy Pfeil, the former highest-ranking cargo executive in the U.S. for SAS, pleaded guilty to conspiring to fix the rates charged to U.S. and international customers on air cargo shipments.

Packer is charged with price fixing in violation of the Sherman Act, which carries a maximum fine of \$1 million and up to 10 years in prison for an individual. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section and the Federal Bureau of Investigation (FBI). Anyone with information concerning price fixing or other anti-competitive conduct in the air transportation industry is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the FBI Washington Field Office at 202-278-2000.

###

08-868